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VIA ELECTRONIC FILING

Mr. Charles L.A. Terreni, Esquire
Chief Clerk/Administrator
Public Service Commission of South Carolina
101 Executive Center Dr., Suite 100
Columbia, SC 29210

Re: Progress Energy Carolinas, Incorporated's DSM/EE Cost Recovery Rider Application
Docket No. 2009-191-E

Dear Mr. Terreni:

The Public Service Commission of South Carolina ("the Commission") issued its Directive in Docket No. 2008-251-E on May 6, 2009 approving a Stipulation agreed to by Progress Energy Carolinas, Inc. ("PEC"), the Office of Regulatory Staff ("ORS"), Wal-Mart Stores East, LP, and Nucor Steel-South Carolina regarding the establishment of a rider to PEC's rates to recover the costs, net lost revenues and incentives associated with PEC's demand-side management and energy efficiency ("DSM/EE") programs. The Directive also required PEC to file for Commission approval of all proposed DSM/EE programs as experimental tariffs.

On May 11, 2009, in accordance with the Commission's Directive, PEC filed for Commission approval its proposed slate of new DSM/EE programs as experimental tariffs and, pursuant to the Commission approved Stipulation, filed its cost recovery rider application requesting its Rider DSM/EE-1 become effective July 1, 2009. The Stipulation states, "The Commission shall schedule an annual rider hearing to review the costs and net lost revenues" and incentives proposed by PEC.¹ However, the Commission may allow rates or tariffs to be put into effect without notice and hearing upon order of the Commission when the rates or tariffs are for experimental purposes.² PEC and ORS ("the Parties") agree that a hearing is not needed at this time.

¹ Stipulation ¶ (g)(1), Docket No. 2008-251-E.

² S.C. Code Ann. § 58-27-870 (F) (Supp. 2008).

In order to provide sufficient time for ORS to complete its review³ and to allow PEC to implement its Rider DSM/EE-1 on July 1, 2009, the Parties request the Commission allow Rider DSM/EE-1 to become effective on a provisional basis on July 1, 2009 at the levels requested by the Company in its Application and in Robert P. Evans' testimony. Rider DSM/EE-1 will be subject to refund with interest⁴ if the ORS recommends and the Commission determines that PEC's recoverable DSM/EE costs are less than those upon which Rider DSM/EE-1 is based. In such event, beginning with the first day of the calendar month 30 days following the Commission's decision, PEC will implement a revised Rider based upon the Commission approved reduced recoverable DSM/EE costs and further reduced by the amount PEC overcollected, with interest, between July 1, 2009 and the effective date of the revised Rider. The North Carolina Utilities Commission approved the same procedure in its Order dated November 14, 2008 in Docket No. E-2, Sub 931.

Should the Parties disagree over the results of ORS's examination of PEC's cost recovery application, either Party may petition the Commission for a hearing and proceed in accordance with the Stipulation.

Respectfully submitted,



Shealy Boland Reibold

cc: Len Anthony, Esquire

³ PEC seeks recovery for actual DSM/EE costs incurred from September 1, 2007 through March 31, 2009 and for forecasted costs covering the period of July 1, 2009 through June 30, 2010. ORS has not reviewed or examined the actual costs incurred.

⁴ The procedure for setting the statutory rate of interest is set forth in S.C. Code Ann. § 34-31-20 (Supp. 2008). The South Carolina Supreme Court set the 2009 statutory rate of interest at 7.25 percent. Order No. 2009-01-05-01 Interest Rate on Money Decrees and Judgments (January 5, 2009).